

BOARD OF SUPERVISORS
Finance/Government Services Committee

INFORMATION ITEM

SUBJECT: FY 07 First Quarter Revenue & Expenditure Update

ELECTION DISTRICT: Countywide

BACKGROUND: Since FY 01, staff has provided the Finance/Government Services Committee with periodic updates on the implementation of the current year's budget. Year-to-date information has generally been provided on a quarterly basis. For this item, projections incorporate data through September 30, 2006. In addition, beginning with the first quarter FY 06 review, staff has prepared quarterly performance measurement updates that include year-to-date information on agency performance measures provided in the adopted budget document. This information has been included under separate cover.

Projections based on only three months' data are highly problematic. However, the Committee may note the following preliminary trends:

1. Current year (FY 07) revenue is projected to finish the year at or slightly above budget. Real property and BPOL revenue will exceed budget, although by less than prior years, while permit revenue, recordation taxes and taxes on deeds will fall substantially short, reflective of continuing softening in land development activity.
2. General government operational expenses are projected to end the year approximately \$6.4 million, or 2%, under budget, due largely to anticipated savings in contractual and internal services. Personnel vacancy savings are projected to end the year very close to budget.

This item is accompanied by staff's 1st Quarter FY 07 projection (Attachment 1). It should be noted that the Board's fiscal policy requires the designation of a fiscal cash liquidity reserve that is equivalent to 10% of total governmental net fund operating revenues. The FY 07 fiscal reserve is estimated at \$105 million, based on FY 06 net fund operating revenue data. Current projections indicate that the requisite addition to the fiscal reserve will be substantially less than in prior years.

As previously stated, the first quarter projection is highly problematic, with nine months remaining in the fiscal year. Actual revenue and expenditures are likely to deviate

substantially due to unforeseen circumstances and the economic environment. The revenue and expenditure projection process plays a key role in the development of current and future years' financial expectations. Over the next several months, staff from Management and Financial Services and other County agencies will continue to refine their revenue and expenditure projection models, with the next formal update anticipated after December 31, 2006.

ATTACHMENTS: 1. – FY 07 Revenue and Expenditure Update

STAFF CONTACTS: Kirby M. Bowers, County Administrator
Mark Adams, Ben Mays and Ari J. Sky, Management and
Financial Services

FY 07 Revenue and Expenditure Update
Activity Through September 30, 2006

General Fund Revenue	FY 07 Adopted ¹	FY 07 Revised ²	FY 06 Prior Year-to-Date ³	FY 07 Year- to-Date ⁴	FY 07 Proj. Total	FY 07 Proj. Balance
Current Real Property	\$526,523,823	\$526,523,823	\$220,663,171	\$259,633,182	\$536,825,000	\$10,301,177
Current Public Service Property	10,545,000	10,545,000	4,478,457	5,225,804	12,270,000	1,725,000
Penalties & Interest	3,388,000	3,388,000	923,150	426,989	3,888,000	500,000
Current Personal Property ⁵	115,044,000	115,044,000	42,206,114	50,090,117	115,044,000	0
Delinquent Real Property	3,000,000	3,000,000	1,216,991	429,347	3,000,000	0
Delinquent Personal Property	2,200,000	2,200,000	462,525	501,881	2,200,000	0
Heavy Equipment ⁶	1,450,000	1,450,000	759,473	985,971	1,600,000	150,000
Machinery & Tools ⁷	1,150,000	1,150,000	561,620	584,575	1,150,000	0
Local Sales & Use	44,500,000	44,500,000	3,454,944	3,177,303	44,500,000	0
Utility Taxes	9,230,000	9,230,000	1,178,646	1,645,815	9,230,000	0
Short-Term Rentals	290,000	290,000	69,708	76,420	310,000	20,000
Cable TV/Open Video Franchise Licenses	1,325,948	1,325,948	26,821	(2,937)	1,325,948	0
Hotel & Motel Rooms (TOT)	1,640,000	1,640,000	34,337	0	2,125,000	485,000
Total Local Tax Funding:	\$720,286,771	\$720,286,771	\$276,035,957	\$322,774,467	\$733,467,948	\$13,181,177
Other Local Revenue						
Business, Prof. & Occup. Licenses (BPOL)	\$23,176,950	\$23,176,950	\$8,435,655	\$1,737,048	\$26,000,000	\$2,823,050
Permits & Privilege Fees	22,916,712	22,916,712	5,296,110	3,961,314	15,600,000	(7,316,712)
Fines & Forfeitures	2,088,052	2,088,052	523,948	508,630	2,088,052	0
Use of Money & Property	8,791,336	8,791,336	101,271	1,373,088	8,791,336	0
Charges for Services	22,694,000	22,840,755	5,107,007	4,954,813	21,540,755	(1,300,000)
Recovered Costs	6,161,000	6,237,389	1,301,982	1,225,228	6,237,389	0
Other Financing Sources ⁸	2,917,000	3,232,065	1,842,147	2,229,026	3,232,065	0
Motor Vehicle Licenses	4,801,300	4,801,300	2,303,769	2,305,103	4,801,300	0
Bank Franchise Taxes	600,000	600,000	0	11,912	600,000	0
Recordation Taxes/Taxes on Wills	18,026,000	18,040,395	3,761,394	2,201,865	11,000,000	(7,040,395)
Miscellaneous Revenue	434,000	886,492	1,402,484	1,337,768	2,000,000	\$1,113,508
Total Other Local Revenue:	\$112,606,350	\$113,611,446	\$30,075,767	\$21,845,795	\$101,890,897	(\$11,720,549)
Total Local Revenue	\$832,893,121	\$833,898,217	\$306,111,724	\$344,620,262	\$835,358,845	\$1,460,628
Commonwealth Aid						
State Non-Categorical Aid	\$11,271,600	\$11,271,600	\$1,594,398	\$1,021,429	\$10,271,600	(\$1,000,000)
State Shared Expenses	9,043,852	9,043,852	1,564,289	1,793,794	9,043,852	0
State Categorical Aid	11,040,000	11,868,186	1,623,000	2,066,531	11,868,186	0
Total Commonwealth Aid:	\$31,355,452	\$32,183,638	\$4,781,687	\$4,881,754	\$31,183,638	(\$1,000,000)
Federal Payments						
Payments in Lieu of Taxes	\$3,000	\$3,000	\$1,769	\$1,798	\$1,798	(\$1,202)
Federal Categorical Aid	7,889,000	13,313,707	1,443,252	1,571,327	13,313,707	0
Total Federal Payments:	\$7,892,000	\$13,316,707	\$1,445,021	\$1,573,125	\$13,315,505	(\$1,202)
Total General Fund Revenue:	\$872,140,573	\$879,398,562	\$312,338,432	\$351,075,141	\$879,857,988	\$459,426

FY 07 Revenue and Expenditure Update
Activity Through September 30, 2006

	FY 07 Adopted ¹	FY 07 Revised ²	FY 06 Prior Year-to-Date ³	FY 07 Year- to-Date ⁴	FY 07 Proj. Total	FY 07 Proj. Balance
General Government Operations						
Personnel	\$201,816,498	\$203,470,773	\$39,013,734	\$45,359,985	\$203,237,773	\$233,000
Operations & Maintenance						
Contractual Services	\$28,205,469	\$36,052,630	17,608,301	18,710,400	\$33,836,195	\$2,216,435
Internal Services	15,543,776	15,390,713	1,613,825	1,711,883	\$13,512,919	1,877,794
Utilities	3,680,048	3,667,325	474,692	459,184	\$3,595,376	71,949
Communications	2,444,913	2,477,414	663,659	877,914	\$2,598,070	(120,656)
Insurance	802,675	815,891	784,436	843,784	\$874,330	(58,439)
Materials, Supplies & Minor Equipment	11,819,280	17,578,481	5,036,448	6,388,279	\$17,282,916	295,565
Travel & Training	1,393,126	1,568,295	239,401	312,138	\$1,631,688	(63,393)
Miscellaneous	1,940,092	2,123,005	499,958	661,162	\$1,561,312	561,693
Contributions to Other Entities	12,468,384	15,381,186	5,742,565	6,520,094	\$16,350,515	(969,329)
Public Assistance Payments	5,679,801	5,995,152	3,399,864	4,044,878	\$5,271,340	723,812
Leases & Rentals	6,676,081	6,891,127	4,794,477	4,496,031	\$5,327,960	1,563,167
Other Operations & Maintenance	93,000	93,000	243	0	0	93,000
Total Operations & Maintenance:	\$90,746,646	\$108,034,219	\$40,857,869	\$45,025,747	\$101,842,621	\$6,191,598
Capital Outlay & Construction						
Capital Outlay	\$5,495,726	\$4,276,225	\$1,804,058	\$1,951,412	\$4,276,225	\$0
Capital Construction	718,710	276,772	712,332	237,122	276,772	0
Total Capital Outlay & Construction:	\$6,214,436	\$4,552,997	\$2,516,390	\$2,188,534	\$4,552,997	\$0
Other Expenditures						
Contingencies	\$1,500,000	\$1,468,332	\$0	\$0	\$1,468,332	\$0
Total Other Expenditures:	\$1,500,000	\$1,468,332	\$0	\$0	\$1,468,332	\$0
Total General Government Operations:	\$300,277,580	\$317,526,321	\$82,387,993	\$92,574,266	\$311,101,723	\$6,424,598

Notes:

¹FY 07 Adopted reflects budget as originally adopted by the Board of Supervisors.

²FY 07 Revised includes supplemental appropriations, changes and additions made since original adoption.

³Prior Year-to-Date data includes revenue, expenditures and outstanding encumbrances through 9/30/05.

⁴Year-to-Date data includes revenue, expenditures and outstanding encumbrances thru 9/30/06.

⁵Current Personal Property combines actual collections, computer equipment and State reimbursements made under the Personal Property Tax Relief Act, plus taxation of mobile homes and aircraft.

⁶Heavy Equipment also includes Satellite Manufacturing Equipment.

⁷Machinery & Tools also includes delinquent Machinery & Tools tax revenue.

⁸Other Financing Sources includes sales of material and transfers into the General Fund from other funds.